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EXTRAORDINARY

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PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि वह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

## LOK SABHA

The following Bill was introduced in Lok Sabha on the 4th May, 1978:—

BILL No. 79 OF 1978

*A Bill to amend the Tobacco Board Act, 1975.*

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. This Act may be called the Tobacco Board (Amendment) Act, 1978.

Short title.

4 of 1978.

2. In section 4 of the Tobacco Board Act, 1975 (hereinafter referred to as the principal Act),—

Amendment of section 4.

(a) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The head office of the Board shall be at Guntur in the State of Andhra Pradesh or at such other place as the Central Government may, by notification in the Official Gazette, specify and the Board may, with the previous approval of the Central Government, establish offices or agencies at other places in or outside India.”;

(b) in sub-section (4),—

(A) in clause (c),—

(i) for the word "seven", the word "eight" shall be substituted;

(ii) in sub-clause (vi), the word "and" occurring at the end shall be omitted;

(iii) after sub-clause (vi), the following sub-clause shall be inserted, namely:—

"(via) the Government of Gujarat; and";

(B) in clause (d), for the words "other than the States of Andhra Pradesh and Karnataka", the words "other than the States of Andhra Pradesh, Gujarat and Karnataka" shall be substituted.

Amend-  
ment of  
section  
8.

3. In section 8 of the principal Act, in sub-section (2), after clause (c), the following clause shall be inserted, namely:—

"(cc) establishment by the Board of auction platforms, with the previous approval of the Central Government, for the sale of virginia tobacco by registered growers or curers, and functioning of the Board as an auctioneer at auction platforms established by or registered with it subject to such conditions as may be specified by the Central Government;"

Amend-  
ment of  
section 13.

4. In section 13 of the principal Act, the words "or established by the Board under this Act" shall be inserted at the end.

Insert-  
tion of  
new sec-  
tion 14A.

5. After section 14 of the principal Act, the following section shall be inserted, namely:—

Power  
to levy  
fees.

"14A. (1) Where virginia tobacco is sold at any auction platform established by the Board under this Act, it shall be competent for the Board or for any officer of the Board authorised by it in this behalf to levy fees, for the services rendered by the Board in relation to such sale, at such rate not exceeding two per cent. of the value of such tobacco as the Central Government may, from time to time, by notification in the Official Gazette, specify.

(2) The fees levied under sub-section (1) shall be collected by the Board or such officer, equally from the seller of the virginia tobacco and the purchaser of such tobacco, in such manner as may be prescribed."

Amend-  
ment of  
section 32.

6. In section 32 of the principal Act, in sub-section (2), after clause (h), the following clause shall be inserted, namely:—

"(hh) the manner of collection of fees under sub-section (2) of section 14A;"

Amend-  
ment of  
Act 28 of  
1975.

7. In the Tobacco Cess Act, 1975,—

(a) in section 2, in sub-section (1),—

(i) clauses (a) and (b) shall be re-lettered as clauses (b) and (c) respectively and before clause (b) as so re-lettered, the following clause shall be inserted, namely:—

(a) "auction platform" means an auction platform registered with the Board in accordance with the rules made under the Tobacco Board Act, 1975 or established by the Board under that Act;'

(ii) clause (c) shall be omitted;

(b) in section 3, for the words "a registered auction platform" wherever they occur, the words "an auction platform" shall be substituted.

4 of 1975.

## STATEMENT OF OBJECTS AND REASONS

In pursuance of sub-section (1) of section 4 of the Tobacco Board Act, 1975 (4 of 1975), the Tobacco Board was established by the Central Government on the 1st January, 1976. In the course of the functioning of the Tobacco Board, certain practical difficulties have come to light.

2. Sub-section (3) of section 4 of the Act has specifically designated Guntur in the State of Andhra Pradesh as the place where the head office of the Board is to be located. Guntur is a very important centre from the point of view of production and marketing of virginia tobacco which is the most important exportable variety grown in the country. However, this place has no direct rail or air link with either New Delhi or the capitals of other tobacco producing States in the country. Since the Tobacco Board is an all India body, dealing with all varieties of tobacco, it is considered vital for its efficient functioning that the Central Government should have the power to locate the head office of the Board at such other place as may be considered necessary in the interests of efficient functioning of the Board.

3. In recognition of the importance of Gujarat as the second largest tobacco producing State in the country after Andhra Pradesh, even though the tobacco produced there is primarily of non-virginia type, it is proposed to accord a permanent seat on the Board for the representative of the Government of Gujarat as in the case of Andhra Pradesh and Karnataka.

4. Under section 13 of the Act, no registered grower or curer can sell or cause to be sold virginia tobacco elsewhere than at an auction platform registered with the Board in accordance with the rules made under the Act. This provision as well as the functions of the Board specified in section 8 do not specifically empower the Board to set up auction platforms of its own or to function as an auctioneer at such platforms. For securing fair and remunerative prices to the growers and for providing efficient auction facilities it is considered necessary that the Board should also have the power to set up its own platforms. It is considered further that the Board should also have the power to function as an auctioneer not only at such platforms, but also at platforms which may be set up by others and registered with the Board.

5. There is at present no specified provision in the Tobacco Board Act, 1975 for levy and collection of suitable fee from the sellers and buyers of virginia tobacco for the use of the auction platforms that may be established by the Tobacco Board and for the services to be provided in connection with the auctions to be held at these platforms. It is considered necessary to make such provision for meeting the expenses to be incurred by the Board in conducting auctions and in operating these platforms.

6. It is also proposed to make certain consequential amendments to sections 2 and 3 of the Tobacco Cess Act, 1975 (26 of 1975) so as to bring within the scope of the definition of "auction platform"—an auction platform established by the Board.

7. The Bill seeks to give effect to the above objects.

NEW DELHI;  
The 22nd April, 1978.

MOHAN DHARIA.

## FINANCIAL MEMORANDUM

Clause 2 of the Bill seeks to amend sub-section (3) of section 4 of the Tobacco Board Act, 1975, so as to empower the Central Government to locate the head office of the Tobacco Board, either at Guntur or at such other place as may be specified by it.

2. Clause 3 seeks to amend sub-section (2) of section 8 of the Act so as to enable the Tobacco Board to establish auction platforms for the sale of virginia tobacco by registered growers or curers and to function as an auctioneer at such platforms or at auction platforms registered with it.

3. The aforesaid provisions of the Bill, though enabling in nature, may involve—

(a) expenditure on transportation of the records, furniture, etc., of the Board and payment of travelling allowance to the officers and staff stationed at the head office in Guntur in the event of the Central Government deciding to shift the head office to another place;

(b) expenditure on the establishment of one or more auction platforms, as the Board may consider necessary.

4. The amount of expenditure involved on shifting of the head office from Guntur will depend on the number of officers and staff that may be in position at the time a decision is taken to shift the head office and also on the distance from Guntur to the new station where the head office is decided to be shifted. It is, therefore, not possible at present to indicate precisely the expenditure that may be involved in the shifting of the head office. However, if the head office is shifted to a place within the State of Andhra Pradesh, the expenditure may not be much and it should be possible to meet the same from within the normal budget of the Board. The Board's present office at Guntur is housed in a hired building.

5. The expenditure involved on establishment by the Board of auction platforms will depend on the number of platforms that may be set up by the Board. It is provisionally estimated that each such platform may cost about Rs. 8 lakhs for land and building in the form of non-recurring expenditure. For operating the platforms to be set up by the Board, it may have to incur a recurring annual expenditure of about Rs. 4 lakhs towards salary and allowances of the trained supervisors to be appointed to supervise these platforms. Depending on the nature and extent of services to be provided at the auction platforms to be set up by the Board, some additional recurring expenditure may also be involved in operating these auction platforms. A provision however is being made in the Act by incorporating a new section 14A for levy of a fee at a rate not exceeding two per cent. of the value of virginia tobacco to be collected by the Board from the sellers and purchasers in respect of virginia tobacco sold at auction platforms established by the Board. Under the Tobacco Cess Act, 1975 (26 of 1975), the Central Government is also empowered to levy a duty of excise at the rate of one paise per kilogram on all virginia tobacco sold at these auction platforms. The annual revenue from this duty of excise after the establishment of auction platforms is expected to be about Rs. 10 lakhs. It will be possible for the Board to meet the recurring expenditure on operating these platforms and in providing such services as may be considered necessary out of the proposed fee and, if necessary, out of the proceeds of the aforesaid duty of excise.

6. Except as stated in earlier paragraphs, it is not possible at this stage to indicate the amount of recurring and non-recurring expenditure.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 6 of the Bill seeks to insert new clause (hh) in sub-section (2) of section 32 of the Tobacco Board Act empowering the Central Government to make rules regarding the manner of collection of fees under section 14A. This matter relates to procedure and administrative detail and it is not practicable to provide for it in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

AVTAR SINGH RIKHY,  
*Secretary.*